

BRIEFING ON THE SOVIET UNION

TUESDAY, APRIL 3, 1962

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 11:20 a.m., in room F-53, U.S. Capitol Building, Hon. J. William Fulbright (chairman of the committee) presiding.

Present: Chairman Fulbright and Senators Sparkman, Lausche, Wiley, Hickenlooper, and Capehart.

Also present: Mr. Marcy and Mr. St. Claire of the committee staff; and Frederick Dutton, Assistant Secretary of State for Congressional Relations.

Consideration of the bill (S. 2824) To amend the Bretton Woods Agreements Act to authorize the United States to participate in loans in the International Monetary Fund to strengthen the international monetary system was held over on the request of Senator Lausche. Without objection, the committee approved for report the nomination of Robert Woodward to be Ambassador to Spain.

The CHAIRMAN. The committee will come to order.

Senator Wiley, this is Ambassador Thompson, our Ambassador in Moscow. He is here for a briefing, not for any official reason—that is, no objection to be taken.

Senator WILEY. I am sure he has a lot to tell us.

The CHAIRMAN. I am, too.

We are very pleased to have you. I regret that we have several conflicting meetings this morning. Finance is meeting on the tax bill, and several others. So we won't have many members here, I am afraid. But I would like to put on the record whatever we can, so we will have it available for their information—anything you have to say.

There have been some very interesting recent developments in your part of the world.

If you will just say in your own words whatever you think is appropriate for the information of the committee, we will appreciate it very much.

STATEMENT OF HON. LLEWELLYN E. THOMPSON, JR., AMBASSADOR TO THE SOVIET UNION

Mr. THOMPSON. Fine, Senator. I hope the usual thing will apply. It is always unhelpful to me if any views are attributed to me outside.

The CHAIRMAN. This is an executive session. This will not be published and not be made available to the press.

Mr. THOMPSON. As you know, any predictions about the Soviet Union are very dangerous. This thing changes from day to day. You never know what is coming next. They are having a meeting of the Supreme Soviet on April 10, and I think we will get some clues then as to where they are going. There are probably going to be quite a few changes inside, in both the government and the party. And particularly in agriculture.

OPTIMISTIC OVER RELATIONS WITH SOVIETS

Overall, I think, leaving the Berlin question aside, I am pretty optimistic about the situation now. I think the Soviets are running into a lot of trouble. As you undoubtedly know, this is true particularly in agriculture. Their output in 1961 was only 1 percent over 1960, which was itself not a good year. The population is increasing. Their plan calls for an 8 percent increase.

The CHAIRMAN. Is this just agriculture you are talking about?

Mr. THOMPSON. Yes, just agriculture.

Senator WILEY. What do you mean by saying you are optimistic?

Mr. THOMPSON. I am optimistic about our relations with them, because I think these internal troubles they are having are going to limit their ability to make trouble for us.

The CHAIRMAN. Make them a little more agreeable.

Mr. THOMPSON. That is right.

Their problem in agriculture I think is a long range one and a deep one. I don't think they are going to get over it in a short while. They don't have any real answer now.

MORE INVESTMENT IN AGRICULTURE

One of the things that they will obviously have to do is put more investment in agriculture, and this means they are going to have to take it away from something—at the same time that they have been stepping up their military expenditure. This means it has to come from somewhere, and it is very difficult for them to take it out of consumer goods, because this is one of the things they need to increase to deal with their agricultural problem.

In agriculture, they have to put in more investment in fertilizer, machines, better seed, but they also have to give these peasants something to buy with the money they make. A fellow was out in the new lands area last fall and told me—he was being conducted around by a Russian—this was not an American—and he said they saw nothing but women in the fields. About 54 percent of their agricultural labor is female anyway, but in this case it was about 100 percent. So the Soviet officials asked the women where the men were, and they said they were in the village drinking tea. They went up to the village. The place was full of men sitting around. The Russian said, "Why aren't you out there working?" They said, "Why should we, we have money and nothing to buy with it." And for them to step up their consumer goods production in a country that big, with as many people involved as there are, is a pretty big undertaking for them.

In order to meet their 7-year plan, they have got to keep up their investment in heavy industry.

The other sector that is important is housing, which has been their greatest problem.

They were 80 percent behind the plan last year. The pressure from the population grows—because Mrs. Ivanovitch was willing to share her one room with an entire family, as long as Mrs. Markov was in the same boat, but now Mrs. Markov has a new flat, she wants one too. This pressure is very strong on them.

Some of our boys went to a little neighborhood meeting on this, and it got so violent, they had to break it up and close the meeting. People were shouting and waving and everything else. This pressure is very strong. They find it very difficult to cut that back.

KHRUSHCHEV PROPOSALS FOR AGRICULTURE

Khrushchev has proposed a number of things to deal with the agricultural problem. One of them is reorganization. They are going to set up committees at all levels, agricultural committees, whose main purpose will be to try to actually direct and run the collective farms. You know, they abolished the machine tractor stations a couple of years ago, and the party used to exercise its control through those stations. They didn't have enough good party members to put on all the farms, so they used these MTS stations to exercise control. Well, one of their problems is that these farmers will do what they please. It is very hard for them to make them plant what they want them to plant, and to work the way they would like them to work.

The CHAIRMAN. Even on the collectives?

Mr. THOMPSON. Yes.

One of their problems has been that the peasants' real interest is in these little private plots they have, and not in working on the collectives. If you leave aside industrial crops and grain, about half the food grown in that country is grown on these little individual plots. They spend much more time and energy on that than they do on the collective farms. This is pretty much true throughout the bloc—except for Poland, which has kept private ownership in agriculture—the collective system has generally been pretty much a failure.

The Soviets are moving more and more toward state farms now. One of the reasons is that the poorer farms, to reach any satisfactory productivity, need big investments, and the state doesn't like to turn these investments over to these farmers, so they make state farms out of them and just pay these people straight wages.

But another effort that Khrushchev has been plugging lately is to change their grass rotation system. Our people think that if this is done in a very big way, he may ruin an awful lot of land, insisting that they grow row crops and give up this grass rotation. This is all right if you have the proper fertilizer to put on it, and people know how to do it, and you have machines to do it with, but for the large part, they don't have them.

A lot of these peasants don't believe in this anyway. They lack facilities for handling it. A lot of the fertilizer gets dumped out at a way station, out in the weather, and doesn't get on in the right time of the year, and all this sort of thing. Undoubtedly this will increase some of their production—if they keep a lot of it in row

crops rather than grass. But what it will do to the land is questionable.

I think probably one of the reasons Khrushchev is doing this is not only to increase production, but to try to break these peasants of grazing their cattle and stock on collective farm land, which they are not supposed to do. As long as the grass is there, it is pretty hard to control.

But in any event, this is a real problem for them. There will be some announcement about it at the Supreme Soviet meeting. At the last meeting they had about it, they raised the problem, but didn't give the answer. They didn't say where this extra money was coming from.

One result of this is that Khrushchev's interest in disarmament should be very greatly increased, because this is the one area in which he might find the money and the resources to put in the agricultural sector.

SOVIET INDUSTRIAL PRODUCTION

Their industrial production is going much better. There again, their rate of increase is slowing down. Their goal for this year is 8.1 percent, whereas I think last year it was something like 9.1. But here again, their plan was based very largely on a great increase in productivity, and they were counting a lot on automation to accomplish this.

As we found out, this is a pretty tricky business, and I think they are going to have a great deal of trouble with it. They are not noted for their ability to maintain machines and look after them. If you have an automated line in which you have 20 machines, if each machine is 95.5 percent reliable, your line is down practically all the time. They have all got to be very reliable. As I say, their maintenance is very poor.

They shortened hours, which also made it more difficult for them to increase their productivity and output.

Senator HICKENLOOPER. Mr. Chairman, may I ask a question?

MISINFORMATION ON SOVIET PRODUCTIVITY

Mr. Ambassador, with regard to your statement a minute ago about their productivity to be 6 percent or 7 percent or something like that, I think there probably has been a tremendous amount of misinformation put out—that is, interpretation—on this matter of percentage of increase. If you start with a base of "X," a 6-percent increase of X is 6X. But if you start with a base of 10X, a 6-percent increase on 10X is a whale of a lot.

We talk all the time about the Communist countries. We see propaganda in some of our newspapers, from some of our writers, that there is this tremendous upsurge of productivity. But a percentage on a small base in total is not very great. A much smaller percentage on a big base started from is far more in volume.

What is the situation there?

Mr. THOMPSON. This is bound to happen in this country. The figures they have been citing throughout the years were very impressive, but now—even China, in many ways now, will have higher rates of increase than they will, because of their low base. But cer-

tainly the Japanese and the West Germans and others are higher than the Soviets, starting from a high base.

This in itself of course, the fact that the rate of increase levels off, isn't a problem for them except in their propaganda. They have made a lot of this in recent years. But the actual increase, of course, is very great. Their steel production now, I think, is 70 million tons a year, something like that—getting close to ours. The actual physical increase last year was something like 5 million tons. Even though the rate of increase is less than it was, the actual increase is very great.

MEETING GOVERNMENT PLANS

One thing that is very important to them is the government plan. Now, this to us wouldn't necessarily mean so much. If you have a goal, as we have, in certain areas—if you don't meet it, if there are good reasons for it, that may not bother you too much. But with them, their whole psychology is based on plan fulfillment. The manager of a factory, if he doesn't meet his plan, even though the government failed to provide him with any raw materials, is punished, and all of his employees suffer from it. So their whole psychology is geared to the fact that if you don't meet the plan, somebody is in trouble.

Certainly in agriculture we are convinced they cannot conceivably meet their plan, and in industry I think there are signs now they are not going to meet that either. Their investments are falling behind their plan, and the increase in productivity is not keeping up with the plan.

One of the things that they have found out very clearly is that they can only operate on the basis of incentives. They freely admit this now. The difficulty is to provide the incentives. With these strains on their resources, they are finding that hard to do.

Their goal, of course, is to try to get into what they call the era of communism. They are now in socialism. They want to get in the era of communism in the next 10 to 20 years. Although their 20-year plan calls for providing certain things without payment—free transportation in the cities and things of that sort—they have admitted even in their plan that they are going to have to provide incentives to about half of the income of their people, even after they get to this 20-year goal.

DIFFERENCES BETWEEN SOCIALISM AND COMMUNISM

Senator CAPEHART. What is the difference, as they see it, between socialism and communism?

Mr. THOMPSON. The main difference is that under socialism it is from each according to his ability, to each according to what he produces, and under communism it is according to his need. In other words, theoretically, in time, everybody would get what he needs, and is supposed to like work well enough to work regardless of the fact that everything is supplied to him.

They don't, of course, pretend that they would have absolute equality right across the board—some people would need better houses than others, and better transportation, and so on. But it

means that everything would be provided, and people would just work out of the love of it.

The greatest failure, I think, of all is that they have not produced this new Soviet man they have been talking about, that is supposed to have all these qualities. And the papers are full of stories of people engaging in private enterprise in every way. A lot of them get caught and a lot don't.

EXECUTIONS IN THE SOVIET UNION

Senator CAPEHART. Have they executed a lot of people recently in respect to the food situation?

Mr. THOMPSON. Not so much food as speculation—people dealing in foreign currencies, selling government supplies.

Senator CAPEHART. How many, do you have any idea?

Mr. THOMPSON. We have read of sentences of, I think, something like 8, 10.

Senator CAPEHART. Are they primarily Jewish people?

Mr. THOMPSON. Three of them were.

VOTES AGAINST KHRUSHCHEV

Senator WILEY. How do you interpret that vote—slightly over a million didn't vote for Khrushchev?

Mr. THOMPSON. This still was a very high percentage that he got, regardless. But there are a lot of people that don't like his policies, because they have suffered under them. For example, the people that were on these machine tractor stations, when those were abolished, they had to go to work on the farms and they didn't like it. Other people are opposed to his educational policies. There are people who lost their jobs, that were good jobs, and they are against him. There are always bound to be some, but it is not very significant. I think generally speaking he is pretty popular with the mass of people throughout the country.

DANGEROUS SITUATION IN BERLIN

Senator WILEY. Will you tell me what your ideas about Berlin are? That is what I asked you—when you said you were optimistic. What is your optimism as to Berlin?

Mr. THOMPSON. Senator, when I said that, I put aside the question of Berlin.

The CHAIRMAN. Except for Berlin.

Mr. THOMPSON. I think on Berlin that it is pretty clear we are not going to get an agreed settlement that settles the problem. Our positions are too far apart. I don't think we can reconcile them. But I think there is fairly good hope that we will get some means of dealing with the fact of disagreement so that we don't have a real conflict.

It is a very worrying and dangerous situation—the harassment going on, in itself, is very dangerous.

SOVIET MILITARY STRENGTH

Senator CAPEHART. Do you believe they are getting militarily stronger each day?

Mr. THOMPSON. On a relative basis, I would doubt it. It is very difficult for me to pass a judgment on that. I think in the past year—probably we are better off relatively than we were a year ago.

Senator CAPEHART. You mean the Russians are?

Mr. THOMPSON. That we are.

Senator CAPEHART. My question was, are the Russians getting stronger each day?

Mr. THOMPSON. They are getting stronger, they are building up their strength, but whether or not it is relative to ours, I don't know.

Senator CAPEHART. My question is whether they are building up their strength.

Mr. THOMPSON. I think so.

Senator CAPEHART. Both in air and missiles and on the ground?

Mr. THOMPSON. Undoubtedly. They claimed to have increased their budget by something like the equivalent of between \$4 billion and \$5 billion. They are getting something for that.

Senator CAPEHART. Is their biggest weakness at the moment the farms?

Mr. THOMPSON. Yes, sir; I think their agriculture is their biggest weakness.

Senator CAPEHART. Is it worse this year than it was last?

Mr. THOMPSON. Yes, because of the population increase.

SOVIET RELATIONS WITH CHINA

The CHAIRMAN. What is their relation with China? Can you enlighten us any about this? We read a great deal of a divergence of their policies, that all their technicians have been withdrawn and so on.

Can you give us any views about that?

Mr. THOMPSON. Every sign we get is that it is getting deeper. I think it is fundamental. They may patch it over outwardly for a while, but I don't think they can cure it.

There are a lot of reasons for it. One is that nationalism seems to be stronger than communism on both sides. The leadership of the bloc is at stake. The Russians certainly don't want to give it up. The Russians are worried about the population explosion in China—15 or so million increase a year is something they should be worried about. They have a lot of relatively empty land there next door to them. And by nature they are antipathetic. I think the Russians have an inferiority complex, and the Chinese a superiority complex. This is a good formula for trouble. As far as we can tell, generally speaking, they just don't like each other.

And then they have their ideological differences, because China is in a different phase of the revolution than the Soviet Union. The Soviet Union has reason to want stability while they develop their internal plans, and the Chinese, because of their internal difficulties, like foreign diversion. The Chinese are interested in getting Taiwan, which is of little interest to the Soviets and so on. Actually I think the Soviet Union has been engaged in a policy of containment of China for quite some years. This money they have put into Indonesia, for example, which is an area which, if they were coop-

erating, would have been a Chinese area, because they have a big local Chinese population.

INDUSTRIAL EXHIBITIONS IN MOSCOW

Senator CAPEHART. Have they expanded their permanent industrial exhibitions in Moscow?

Mr. THOMPSON. They add a little every year.

Senator CAPEHART. Is it still operating?

Mr. THOMPSON. Yes.

Senator CAPEHART. Do they still have dozens and dozens of groups that come in each day from all over the world?

Mr. THOMPSON. Yes, and they use this, not only for showing foreigners what they are doing, but the education of their own people.

Senator CAPEHART. Are there as many or more foreign groups as there were a year or 2 years ago?

Mr. THOMPSON. Well, there were certainly less Americans this past year.

Senator CAPEHART. Lots of Latin American groups?

Mr. THOMPSON. Yes, a lot. There are a lot of Indians. Africans have increased. But the Chinese of course have decreased.

Senator CAPEHART. Any Cubans?

Mr. THOMPSON. Yes, a lot of Cubans.

Senator CAPEHART. Have you any reason to believe they are training Cuban fliers in Russia?

Mr. THOMPSON. As far as I know, not in the Soviet Union. We have had reports of training in Czechoslovakia.

SOVIET FACTORIES

Senator CAPEHART. Do they still have pictures up in all their factories of their workers?

Mr. THOMPSON. Yes; they have taken down a lot of pictures of Stalin, and a lot of statutes.

Senator CAPEHART. Interesting thing. You go through the factory and there are all sized pictures. You ask what it is. "Well, that is a picture of some worker that did some outstanding thing."

Is that big lathe factory still going in Moscow?

Mr. THOMPSON. Yes.

They also, in all their factories, have—their whole concept is victory and defeat, win the battle of this, and overtake the United States and so on.

The CHAIRMAN. They are still talking about that.

Mr. THOMPSON. Yes; they have stopped talking about overtaking us in meat production, because they have already passed the time when they said they would do it.

AGRICULTURE AND THE SOVIET STANDARD OF LIVING

Senator SPARKMAN. What effect does the shortage of agricultural production have upon the Russian economy? Is it dangerous, are they faced with famine, or did they just fail to come up to certain standards and goals?

Mr. THOMPSON. There is no danger of famine. The people have been led to expect and they want a better standard of living, better

life. I think the main effect of it, as far as it affects us—it is the thing I was talking about a little earlier—their need to find investments to bring it up.

This year there were very serious shortages for short periods of time in various places, including Moscow. This is because their total pie they were dividing was so tight that their distribution not being good, some areas would go without meat for a week or more, and then get supplies in again. But there is no question—they still have lots of bread.

Senator CAPEHART. You are not conscious of anybody being hungry.

Mr. THOMPSON. No; but of course, looking to the future, it isn't good enough if they stand still in agriculture. They have to go ahead.

Senator SPARKMAN. What about the consumer goods?

Mr. THOMPSON. There has been a steady increase up until now, very slow. But I think now, because of this need to find investment from other places, they are going to have to take it away from consumer goods—at least not increase it, not continue to increase it.

GROUP PRESSURE IN SOVIET SCHOOLS

I had an interesting insight this year. I have an 8-year-old girl in a Russian school, and I learn a lot from her I can't get directly. It is a neighborhood school in front of where we live. We have gone to some of the parent-teachers meetings and see how the system operates.

The CHAIRMAN. How about the schools? Are they pretty good?

Mr. THOMPSON. On the main it is very good. It is different than I had thought because you think of them as being very strict disciplinarians, and they are not. My child says the teacher has more trouble keeping order than the teacher in an American school.

On the other hand, she came home one day and said, "I don't know how they do it; they have made me want to work." The way they do it, the child does well, he gets up in front of the class, they praise him. If he does badly, he is criticized in front of everybody. And they almost force the parents to come to these meetings, and they discuss each child in front of the whole group of parents. Then the parents are brought in, and group pressure is put on them. They make a great business about getting good grades. And they really want to work.

The CHAIRMAN. This is really applying the incentive system to education, the reward and punishment. We accept everybody as being equal, a few being more equal than others.

Senator CAPEHART. Over there the emphasis is on the individual, what he personally can do himself, his own mind and his own muscle.

Mr. THOMPSON. They have a problem in that, Senator. These are rather homely examples. They sit two by two at the desk. There is another little American boy in this class, who didn't know Russian very well. My child knew it better. This little American boy started drawing on his wrist with his pencil, and the Russian boy started imitating him, doing the same thing. The teacher caught the Russian boy and started scolding him. My child knew the American

boy didn't understand enough Russian to know what was going on. She got up and said it wasn't the Russian boy, it was the American boy who started this. The teacher was very upset. She said, "You should stick by your Americans, this isn't good." They have this conflict as to where they should teach them to place their loyalties.

But, by and large, I think it is good. They make them work hard.

MOVING TOWARD THE INCENTIVE SYSTEM

Senator HICKENLOOPER. They are moving toward the incentive system.

Mr. THOMPSON. Quite openly.

Senator HICKENLOOPER. We are moving away from it in this country, and they are moving toward it.

Senator SPARKMAN. You think the twain shall meet?

Senator HICKENLOOPER. I think they have taken a lesson that what made this country great is the incentive system. We are moving away from it, and they are advancing toward it.

Senator SPARKMAN. I heard a commentator on the radio some time back, talking about the agricultural shortage. He gave something which to me was rather revealing, if true. On this little individual family strip of ground, 50 percent of the agricultural production—in fact, he said more than 50 percent had come from that.

Mr. THOMPSON. That is if you except industrial crops and grain production. Apart from that, about 50 percent comes from those.

COLLECTIVE AND INDIVIDUAL FARMS

Senator SPARKMAN. I presume it would mean as it applied to those particular farms. Of course, you don't have it on all kinds of farms, but you do on the collective farms and individually worked farms.

Mr. THOMPSON. The productivity on the fellow's little plot, compared to the collective he works on, may be 4, 5, 6 times as great.

Senator SPARKMAN. I knew it was a great deal more, relatively speaking. But I didn't dream it would be in excess of 50 percent.

Mr. THOMPSON. About 50 percent of their meat has come from those little plots.

Senator CAPEHART. What is the average acreage in hectares in those little plots?

Mr. THOMPSON. Of course, it varies depending upon the kind of land it is. It runs around about a half acre to maybe as much as 2 acres—a quarter of an acre to 2 acres.

Senator CAPEHART. I was on one of those farms, about 40 miles outside of Moscow.

Do they still have a lot of geese?

Mr. THOMPSON. Yes; they are trying to develop vegetable farms around all the big cities. Before it was a sideline, now they are trying to specialize in this.

Senator CAPEHART. Do they still have all those wonderful exhibits in the industrial exposition?

Mr. THOMPSON. This is very impressive, yes.

Senator CAPEHART. But you can't find any of the good things you see there on the farms or on the street.

Mr. THOMPSON. Particularly not on the farms. A lot of these are prototypes, anyway.

Senator CAPEHART. They exhibit a lot of very wonderful live-stock.

Mr. THOMPSON. Yes.

Senator CAPEHART. And that is just as good as it ever was.

Mr. THOMPSON. Yes; I think each year they improve it a little bit. The grounds now are wonderful.

INABILITY TO SOLVE THE AGRICULTURAL PROBLEM

The CHAIRMAN. I don't understand why they are able to do so well in these highly complex industrial activities that result in space vehicles and so on, and can't solve agriculture. What is the missing element that they are unable to solve the agricultural problem? These plants are not privately owned. What is your explanation?

Mr. THOMPSON. I think there are several, Senator.

One is that in the first place, taking the country as a whole, they have a very poor climate for agriculture. Except for the Ukraine, this is mostly a short season. You take these new lands. This thing is really enormous, the gamble they took there.

The CHAIRMAN. This is in Siberia.

Mr. THOMPSON. Yes; they plowed up an area about the size of all of England that had never been plowed before, about 100 million acres. This was all right the first few years, a pretty good crop. But now it is going down because they haven't had fertilizer for it.

Then they have an almost insuperable problem with wild oats. As I gather—I am not a farmer myself—about the only way you can deal with this is let them come up, and plow them, and then seed. Their growing season out there is so short, if they do that, they cannot possibly harvest a crop. They have no herbicide that will kill the wild oats and not kill the grain.

The CHAIRMAN. You mean the wild oats come up in competition with what they are planting and squeeze it out?

Mr. THOMPSON. That is right. Also, they can get a dust bowl at any time. They could get a couple of dry years in a row.

Senator SPARKMAN. They are short of moisture in that area. Isn't that one of their big problems?

Mr. THOMPSON. Yes.

Senator SPARKMAN. They were depending on deep wells.

Mr. THOMPSON. The new lands did save them for the time being. I think the gamble has paid off, as of now. But nobody knows what they will run into in the future.

SOFTENING UP ON DISARMAMENT

The CHAIRMAN. If I understand you, this, you think, is likely to lead to a softening up a bit on disarmament. Is it fair to say that it might lead, if we follow wise policies, to a better modus vivendi all the way around or not?

Mr. THOMPSON. I think so. It makes sense for him. He has, it seems to me, to find some way to keep these military expenditures from going on up. Now, I don't see how he can do it unless we get

somewhere on disarmament or, at least, settle some of these political problems so you don't have this intense competition.

This stuff gets more and more expensive all the time, and with them it is not just a question of money, but of their resources in the form of engineers, scientists, technicians, and so on, that they need for other things. If you are going to go into this automation in a big way, you have to have a lot of competent people doing that. If they are all working on military stuff, they cannot do it.

Senator CAPEHART. Their original start after World War II—all the factories, equipment, machinery, know-how—they got out of Germany.

Mr. THOMPSON. They got a lot out of Germany. They got a lot from us in the very early days. They have come up quickly because they have been able to adopt the Western technology. It was there, and they took it. Now that they are relatively caught up to us, from now on—

Senator CAPEHART. They have to be on their own.

Mr. THOMPSON. That is right.

Senator CAPEHART. And they are falling down.

Mr. THOMPSON. We think in basic science they are very good, but in the application of it they are not nearly as good as we are.

Senator CAPEHART. Are they as strong as we might believe in missiles and rockets?

Mr. THOMPSON. That I don't know.

Senator CAPEHART. Nobody knows.

The CHAIRMAN. You have no way of knowing about that, have you?

Mr. THOMPSON. No.

The CHAIRMAN. They are still quite successful in their secrecy.

Mr. THOMPSON. Yes.

Senator CAPEHART. Are the men all gone—mostly women?

Mr. THOMPSON. There are mostly women, certainly, on the farms.

Senator CAPEHART. On the streets.

Mr. THOMPSON. You see quite a lot on the streets.

SOVIET INTEREST IN AUTOMOBILES

Senator CAPEHART. How about automobiles? Are the streets empty?

Mr. THOMPSON. Mostly trucks. They are deliberately not going in for private car ownership. People don't like that; people are interested in having private cars. There is much attention to American cars.

The CHAIRMAN. They would like very much to have them.

Mr. THOMPSON. Yes.

The CHAIRMAN. If you could persuade Khrushchev this might solve his agriculture program, if he could make cars the farmer could buy, and build roads—

Mr. THOMPSON. That is right.

The CHAIRMAN. Have you ever discussed this with him?

Mr. THOMPSON. Yes.

The CHAIRMAN. What does he say when you this with him?

Mr. THOMPSON. He says this doesn't make sense. He says, "You have made a mistake. You have had to put all this money into roads and things, and your roads are getting congested. What is the point of it? The fellow is working most of the day. We have public transportation in the city. If he wants to go on a trip in the country, we will have cars for him to hire."

There again, this thing goes against human nature. A fellow takes pride in a car, he likes to have it, and it is a status symbol. They like to have status, have a better car than their neighbor. These instincts they have not been able to get rid of.

A VERY YOUNG POPULATION

One of the things is that their population is very young now. I think 56 percent of them are under 30. These people don't have this old Communist fervor of the people that went through the revolution and so on. They are much more interested in things that appeal to our people. Even the 5 years I have been there, there has been a great change in little things, but things that I think are symbolic and significant. For example, I remember the first few weeks I was there, there was a lot of stuff in the press about a little girl that put her hair up in a ponytail, and she was pilloried for being decadent. But now they are all going around with this puffed up hairdo, the latest style.

The French had an exhibition there in which they showed some modern clothes, and within a couple of weeks Moscow was full of women with their skirts above their knees. They didn't look very good, most of them are not built for that. But they are interested in these things.

Senator CAPEHART. Were you there when the first Sputnik went up?

Mr. THOMPSON. Yes.

The CHAIRMAN. You have been there 5 years?

Mr. THOMPSON. Five years in July.

The CHAIRMAN. The New York Times reported you were contemplating retirement, is that correct?

Mr. THOMPSON. I had thought about it, of course, but I don't expect to.

Senator CAPEHART. I think when I was there, you were in London.

Mr. THOMPSON. On a meeting.

Senator CAPEHART. Sputnik went up in September?

Mr. THOMPSON. Yes.

Senator CAPEHART. I was there the first of September 1957, I guess.

Mr. THOMPSON. I got there in July.

SOVIET AMBASSADOR DOBRYNIN

The CHAIRMAN. Do you know this fellow [Anatoly] Dobrynin who has been sent here?

Mr. THOMPSON. Yes, very well. He was the head of the U.S. section in the foreign office.

The CHAIRMAN. Tell us a little about him.

Mr. THOMPSON. He is a very able fellow, and I think as they go, a very nice one. He is as good as you will find. He represents the new generation in the foreign office. He has served a lot up in New York at the United Nations.

The CHAIRMAN. Does he stand well with Khrushchev?

Mr. THOMPSON. Yes, I think he does. He doesn't have any political standing himself. He is a career man. But our relations with him have been about as good as with anybody we have over there. He understands something about us. This is one of our problems. So many of these people don't even understand what you are talking about. He has lived here long enough that he does understand how we operate. You at least get on the same wavelength with him.

The CHAIRMAN. What happened to Menshikov;¹ has he retired?

Mr. THOMPSON. He is now filling a nominal job as Foreign Minister of the Russian Republic, which is a job that has really almost no functions.

Senator SPARKMAN. Why was he assigned to that one? Did he fall in disfavor?

Mr. THOMPSON. He is about retirement age. This is the way they give him some pay without too much to do, I think—sort of a pension.

Senator CAPEHART. Who won the skating contest the other night in Prague? The Russians?

Mr. THOMPSON. I haven't seen.

U.S. AND SOVIET FOREIGN AID PROGRAMS

The CHAIRMAN. Can you tell us anything about their foreign aid program and its relation, if any, to our foreign aid program? Is our foreign aid, the maintenance of it under the present level, important under our contest with the Russians or not? Are the Russians stepping theirs up?

Mr. THOMPSON. I don't have specific figures clearly in mind, but they are still carrying on a big program. Given these earlier remarks I made, I think it shows the importance they attach to it. When they are really pressed as badly as they are, they put money into the foreign aid. They think it is extremely important. Of course, this is one of the big quarrels with the Chinese. I think one of the things that made the Chinese maddest is that they were helping bourgeois governments, and the Chinese so desperately needed help from them.

Senator LAUSCHE. Do you have the figures on what they are expending by way of grants and loans?

Mr. THOMPSON. I don't have them with me, sir.

Senator LAUSCHE. Are those figures available?

Mr. THOMPSON. I am sure the Department could give you some information on that.

Senator LAUSCHE. I thought they have always expressed the view that there is no certainty about the accuracy of the figures.

Mr. THOMPSON. I am sure that is true. You do the best you can to collect what you can.

¹Former Soviet Ambassador to the United States Mikhail Menshikov.

The CHAIRMAN. Mr. Dutton, would you undertake to get for us whatever you can on this subject?

Senator LAUSCHE. Is it your opinion that compared to our expenditures, theirs are large?

Mr. THOMPSON. On an absolute basis, I would say theirs are certainly much smaller. But from their ability to do it, given the demands on their resources, I think they are quite large.

Senator CAPEHART. Isn't it on purely a trade basis? They don't give them money, they give them credits to buy things?

Mr. THOMPSON. Yes, they usually give them credits.

Senator CAPEHART. They buy in Russia?

Mr. THOMPSON. Or the bloc.

The CHAIRMAN. We had reports that the Aswan Dam is proceeding, but very slowly. Do you know anything about that?

Mr. THOMPSON. I have heard general reports to that effect.

COMPETITION IN AID PROGRAMS

The CHAIRMAN. I had the impression—I may be wrong—that their pressure in such areas as Guinea and the Middle East are not as strong as they were a year or two ago. Is that your view?

Well, now, I don't know that there is anything more, unless you have anything further by way of advice you would like to give the committee on this question.

The foreign aid bill is going to come up again, as you know. We will start hearings shortly.

It is not your responsibility, of course, to make decisions on it. But I think it is useful to the committee to realize that this is a matter which is important in our relations, not only with Russia, but with the rest of the world. I take it from what you said it is very important.

Mr. THOMPSON. Oh, yes. This is one of the places where they are really trying to get the best of us, and in which they hope to win by it. They are basing it on two things. One, that they can eventually out-produce us and provide a better life for their own people. The other is this business, particularly with the underdeveloped countries, to gain influence through getting into their foreign aid programs and exercising influence on the development of those countries. So I think the two things where we have to really compete with them are to make our system work better than theirs and to see that these countries remain free by not getting under their influence unduly through their aid programs.

We have this problem throughout all of this area. These underdeveloped countries are impatient in expecting to get ahead. If we and the rest of the Western free world don't help them meet their problems, they are certainly going to turn to the Soviet bloc, and some of them would probably come under their influence and control.

I think lately it has been quite encouraging that some of these countries like Guinea have been having some quarrels with them, and having second thoughts. It looked as though they were going right down the drain for a while, but they have moved back a lot. I think in some of these cases we have to take a long range view of these things. There will be periods when we get pretty annoyed at

some of the statements these people make. But in the end, if we keep on a steady keel, they will come back.

SOVIET FOOTHOLD IN CUBA

I don't think Cuba really is an exception. The real danger of the spread of communism is the case when a country is contiguous to Soviet power, where they can exercise this influence. These countries, even though they do waiver over much farther left than we would like to see them go, I think in the end they will swing back if we keep on a rather steady course of helping them improve the lot of their people.

Senator SPARKMAN. You said that you did not feel that Cuba was—

Mr. THOMPSON. For the moment they have a foothold there, where it is not contiguous. But I think that the end—

Senator SPARKMAN. You don't believe that would be one of their great interests.

Mr. THOMPSON. I think they don't expect it to remain as it is, and I think they are a little worried about the money they are having to put in there. They are not sure it is going to pay them in the end.

Senator SPARKMAN. I have felt all along that Russia wasn't going to invest much in Cuba.

Mr. THOMPSON. Lately, of course, I think they have seen more promise there than they did earlier, in using it as a base, which encourages them to go on. But they don't like the fact that Cuba has declared itself a Marxist country and wants to be considered a member of the club, because this involves them in implied responsibility which they don't want to assume. It is too far away, and they know they couldn't fulfill them.

The CHAIRMAN. Do you have any information on the nature of their aid to Cuba, other than the military?

Mr. THOMPSON. I don't recall. I have seen some estimates of what they are getting, which is quite large.

The CHAIRMAN. Primarily military equipment, isn't it?

Mr. THOMPSON. They supplied almost all their oil, for example. That was a big item. As I recall, a rough estimate was—the bloc as a whole—something like \$600 million.

The CHAIRMAN. They are trading oil for sugar?

Mr. THOMPSON. Yes, and they passed on some of the sugar to China.

TOUGH PROBLEMS REMAINING

The CHAIRMAN. I get very puzzled about it. I don't want to be too optimistic. But the developments in Guinea and in Egypt and Iran, or the lack of developments toward communism, seem to me to be very encouraging.

Mr. THOMPSON. Yes, I think that is true. Of course, we have a lot of very tough problems still, in Laos, Vietnam. Iran is worrisome, because this is contiguous to them.

This is again part of their quarrel with the Chinese. The Chinese say they ought to go out and support Communist parties everywhere regardless, whereas they, for example, have been helping

the Egyptian Government, which suppresses the Communist Party. But I think their idea is to play for the bigger game. They found out in Iraq, where they for awhile did encourage the Communist Party to have a go at it. This alarmed the others and makes it more difficult for them.

KHRUSHCHEV IS THE COMPLETE MASTER

Senator SPARKMAN. Where is Molotov² now?

Mr. THOMPSON. He is in Moscow.

Senator SPARKMAN. Is he sick?

Mr. THOMPSON. No, he was in the hospital for awhile but he is out now. The Turkish Ambassador told me he walks every night in a little park near his house, and he meets Molotov nearly every day.

Senator SPARKMAN. Is Khrushchev complete master now?

Mr. THOMPSON. I think so. There is some disagreement about this. Some people think Khrushchev wanted to kick him out of the party and was prevented from doing it. I don't myself believe that. But there is a dispute going on in the Soviet Union on this question of de-Stalinization.

You had a lot of little Stalins all around the place. Of course, a lot of people now want to get at their enemies or people that blocked their promotion by saying, "This fellow was a Stalinist, we want to get rid of him." Of course, if they start that, nobody knows where it will end, because anybody who was in any high position was in a sense associated with Stalin. So there is a great argument going on about that throughout the whole system.

But I don't think the anti-Party group has any power at all. I think one of the clearest proofs is the length of time Khrushchev spends away from Moscow. He has been away 4 or 5 months. And you don't do this if there is any real challenge to your power in a system like that.

The CHAIRMAN. I don't know. Is there anything else you want to ask?

IF KHRUSHCHEV IS CHALLENGED

Senator SPARKMAN. As a matter of fact, there would be nothing for us to hope to come out of it, even if he were challenged by the other side.

Mr. THOMPSON. I would be glad to say something about this. There has been a lot of stuff in the press saying that Kremlinologists have taken the view that Khrushchev is either good or bad for us. I don't know of anybody in this field who thinks that American policy should ever be geared to whether Khrushchev is good or not good for us.

In the first place, we don't know what action we could take, what the real effect of it would be, because we know too little about what the internal politics are. My own view is that certainly so far as internal affairs go Khrushchev is the best in sight, because he is doing more to make the country more normal. Almost all of his policies internally are leading in the direction that is, from our

² Former Soviet Foreign Minister Vyacheslav Molotov.

point of view, more normal. This I think is hopeful in that if we ever are going to be able to work out a way of living with them, they have to become more normal than they were.

On external affairs, Khrushchev has followed some pretty dangerous policies, particularly over Berlin. Of course, you could argue that he is a capable fellow and therefore is bad from our point of view, but we don't know who would succeed him. Anybody else in sight I think would in the first place not have the power, at least for a number of years, to do the things, to make agreements with us. They would have to tend to follow the straight party line as it has been set before, and wouldn't be able to do things which he could do and get away with.

SPECULATION OVER SUCCESSORS

But it is pure speculation as to who would succeed him. The heir apparent is [Frol] Kozlov, and there is a lot of talk of [Aleksi] Kosygin as well. Kozlov is a pure party type. Kosygin is much more an industrialist.

I think there is encouragement because of the fact of his interest in production, Khrushchev is tending to bring more and more into positions of power, both in the party and the government, people good at production, who are technicians, engineering types. These, being less fanatical Communists, I think from our point of view are better. I think this trend will continue.

People it is impossible for us to deal with are these fanatical members of the apparatus, as they call it. A lot of those are being eliminated.

The CHAIRMAN. Do you class Kozlov as one of those?

Mr. THOMPSON. Yes, I would more or less.

The CHAIRMAN. He was here once at the committee, and he struck me as a rather dull fellow.

Mr. THOMPSON. I would say he is a very poor caliber.

The CHAIRMAN. He wasn't near as bright and quick as Khrushchev.

Mr. THOMPSON. They have just named a cabinet member at the Presidium—V. V. Scherbitsky. He is a very impressive fellow, engineering type. He doesn't have any of this bombast that so many of the party types do. If they get more people like that in the government, this in the end could have an effect on their policies.

There are still a lot of the others around, too.

STALEMATE OVER BERLIN

The CHAIRMAN. If I understand you correctly, we have sort of arrived at a stalemate over Berlin, and you don't anticipate any particular change one way or the other. They are not going to give way, and we are not going to give way. It is just going to stay in the status quo for the foreseeable future.

Mr. THOMPSON. I think Khrushchev has gone so far out on a limb now he has to do something. I think probably this year he will sign his separate treaty. But what we have to try to deal with is what that situation creates. If we can find a way that we can maintain ourselves in Berlin, maintain access, and keep the city viable, even

though he does this, that is what we are really working for, it seems to me.

The CHAIRMAN. The paper reported that he has indicated a willingness to reopen the question of international supervision of access.

Mr. THOMPSON. There is a piece in the Times that is very misleading, because so far the only proposal he has put up is geared to our getting out and Berlin being created a free city. It is completely tied to that proposal.

The CHAIRMAN. Our getting clear out.

Mr. THOMPSON. Yes.

So this is completely unacceptable.

But they certainly have shown signs they want to go on talking for the moment. I think in the end we have a very good chance of getting some kind of modus vivendi in one form or another, but not a settlement of the problem.

PROSPECTS FOR A SUMMIT MEETING

The CHAIRMAN. Is there any prospect of a summit meeting, any reason for one, in your view?

Mr. THOMPSON. It is very hard to say; as of right now, I don't see it. But I think if we can get within sight of some kind of a settlement on Berlin, it will be a lot easier for Khrushchev to arrive at some kind of a livable arrangement about it, if he does it himself.

This is, again, part of his quarrel with China. He advocates this personal, top level diplomacy. If he can in any way settle this thing, he certainly would be popular in Russia, with his own people, who are very worried about it. And I think probably the chances of settling it directly with him are a lot better than with anybody down the line.

The CHAIRMAN. There is nothing we can do to enhance the differences they have with the Chinese, is there? The fact that we intervene, doesn't it tend to draw them together?

Mr. THOMPSON. It does. But I think the best thing would be if we could reach an agreement, either about Berlin, any of these political matters, or disarmament. The Chinese are very much opposed to this. They say that they are wrong to try to make agreements with capitalist countries, particularly the United States. So that any agreement we would reach with Khrushchev would put a greater strain on his relationship with the Chinese.

AN AGREEMENT ON LAOS

The CHAIRMAN. Is there any prospect of any agreement in Laos?

Mr. THOMPSON. I think so. The Russians certainly are showing patience while we try to work this thing out, the composition of the Laotian Government.

The CHAIRMAN. That wouldn't please the Chinese, would it?

Mr. THOMPSON. No.

SITUATION IN VIETNAM

The CHAIRMAN. The news that we see in the press about South Vietnam would indicate that there is considerable strengthening of

the loyal forces and they are more successful in dealing with the Vietcong. Is that accurate in your view?

Mr. THOMPSON. I have very little information on it, Senator. What I have heard is from people that have recently come back from there, and there is reason to be encouraged. But it is going to be a long, slow process.

The CHAIRMAN. John, do you have anything further?

Senator SPARKMAN. Nothing further. I have enjoyed this discussion.

STANDING UP FOR WEST BERLIN

The CHAIRMAN. Thank you very much, Ambassador. I don't know whether it is accurate to say it is sort of quieting down, that our relations are not as dangerous now as they were a year or two ago. Is that accurate?

Mr. THOMPSON. I think that is correct. As I say, they are given to surprises, and they can make a sudden change at any time. But I think, generally speaking, that is what I meant by being hopeful. I think there is much more possibility.

The CHAIRMAN. If we can just keep doing successfully what we are trying to do now.

Mr. THOMPSON. Yes; of course, one important thing was that he just couldn't believe we would stand up for West Berlin. I think now at least he has some doubts, if he has not been fully convinced. And that was important.

SOVIET SPACE PROGRAM

Senator SPARKMAN. Are they going to have some surprises for us in space exploration?

Mr. THOMPSON. I doubt if there will be anything very startling. Again, there is the question of what they do with resources. The strain is on them for other purposes, which means they are not going to have as much to put in this area as they would otherwise.

Senator SPARKMAN. I read a very interesting article—I don't know whether it was in one of the local papers—about the buildup of deterrents, one against the other. It said that our ICBM's ought to be maintained at a level that would make Russia feel that we at least had that initial striking power if we wanted to make it, but not so high as to make her think that we were overpowering and likely to trip one off just on purpose. As long as we had an initial striking power, somewhat equal to what Russia had, backed up with that second and third strike, there wouldn't be any danger of atomic war between Russia and the United States. It was a rather interesting discussion. It said that it was certain that Khrushchev did not want a nuclear war, because he realized that would be the destruction of Russia.

Mr. THOMPSON. I think this is right. The great problem is miscalculation. That is the thing we have to worry about. Take a thing like Berlin: He might think we would roll down the line, when we did. That is what worries me.

Senator SPARKMAN. Do you believe that he thinks that we would go down the line in Berlin?

Mr. THOMPSON. As I said a moment ago, I think he now has some doubts, whereas before he was convinced we would not.

FAILURE TO ATTACK THE BUILDING OF THE BERLIN WALL

Senator SPARKMAN. Do you think our failure to attack the building of the Berlin wall might have made him think that we would not stand fast?

Mr. THOMPSON. I think, Senator, that his view on this thing is a little bit like ours, that we both are trying to be a little cautious. He took a gamble in doing this. At the same time, I think he didn't want his people—he probably gave them instructions not to shoot. But if we had tried to knock it down, this could easily have gotten out of hand because you can't control the East Germans, and if fighting ever started it would have been hard to stop.

Senator SPARKMAN. Why would he have doubts now about our standing fast in Berlin. I thought everything that happened from Vienna down to now has been a very firm declaration of our intention to stand fast, although I have seen reference recently in different articles by different persons about retreating in Berlin.

Do you feel that there has been any retreat?

Mr. THOMPSON. No; I was talking about the early period, in 1958, when he first started this. He was convinced then we would not fight, and for some time after that. And then I think he was encouraged by some differences between ourselves and our allies, which he exaggerated, probably, but nevertheless it made him believe that we couldn't unite on this problem.

I can give you a story about outer space, if you have the time.
[Discussion off the record.]

RUMORS IN THE SOVIET UNION

This has really become a political factor. The Russians now are telling stories by the hundreds, and a lot of them with a little political content. They are all attributed to the Armenian radio. Every Russian can reel off 20 or 30 of these things to you. They spread around. This is something that didn't exist under Stalin, and is a good sign, I think.

The CHAIRMAN. Do they allow you any greater freedom than they did when you first went there?

Mr. THOMPSON. There is not much change in that. It is about the same. I see more Russians. They will come around more. This exchange program has been a great help in that respect. An American delegation comes over; I usually try to get their Russian counterparts to come to the Embassy. A lot of people have been in many times now, and they feel at ease there.

The CHAIRMAN. They talk more freely?

Mr. THOMPSON. Yes; it is still pretty restricted compared to what we are accustomed to, but by looking back on what it used to be, it is a great change.

Rumors do get around. A lot of them know English. They pick up our English broadcast, even though they are jammed by the Russians. And people not being afraid to talk, rumor spreads all over the country in a very short time.

The CHAIRMAN. Thank you very much.
[Whereupon, the hearing was concluded.]

MINUTES

TUESDAY, APRIL 10, 1962

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met at 2:30 p.m., in executive session, in room F-53, Capitol.

Present: Chairman Fulbright and Senators Sparkman, Gore, Lausche, Hickenlooper, Aiken, and Carlson.

G. Mennen Williams, Assistant Secretary of State for African Affairs, and others continued the administration testimony on the bill (S. 2996) To amend the Foreign Assistance Act of 1961.

For record of the proceedings, see the printed transcript.
[The committee adjourned at 4:15 p.m.]

(384)